

SUPPORT

January 26, 2010

STATE RETIREMENT SYSTEMS STAFF REPORT ON LEGISLATION AFFECTING THE JUDGES RETIREMENT SYSTEM

96th General Assembly

HOUSE BILL 4330 – Representative Dennis Reboletti

PROPOSAL

House Bill 4330 amends the Judges' Article of the Pension Code to allow married, active judges who elected to not participate in the JRS survivor's annuity provisions to elect to begin participation in those provisions, if the original election is rescinded by July 1, 2011.

COMMENT

Currently, a new participant in JRS may elect to not participate in the JRS survivor's annuity provisions, even if the judge is married. A judge who is not married at the time of the election to not participate, but becomes married while a participant may rescind the election to not participate within 30 days of notification of this option by the System. The judge would then begin participating in the JRS survivor's annuity provisions. A judge who is married at the time of the election to not participate, whether upon becoming a JRS participant or upon becoming married while a JRS participant, never has another opportunity to participate in the JRS survivor's annuity provisions.

HB 4330 allows active judges who were married when they made the election to not participate in the JRS survivor's annuity provisions, to rescind the election to not participate if they are married and file with the Board prior to July 1, 2011 a written rescision of the original election to not participate. The judge is required to begin contributing 11% of salary, rather than 8 ½% of salary, after the rescision notice is received by JRS. The member may choose to pay the additional 2 ½% contribution on salary earned prior to the date of the rescision notice, with 4% interest compounded annually.

Currently, JRS members (active and retired) who were not married at the time of the election to not participate in the JRS survivor's annuity provisions may rescind that election upon becoming married by notifying the System in writing. These participants are subject to the same contribution provisions as those proposed for judges that would be affected by HB 4330. An opportunity to make the same election as that offered by HB 4430 was afforded to judges who filed a rescision with JRS prior to April 1, 1998.

RECOMMENDATION

House Bill 4330 is a proposal of and supported by the JRS Board of Trustees.